

SENATE BILL NO. 135

INTRODUCED BY SQUIRES

BY REQUEST OF THE STATE AUDITOR

A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING THE PENALTY FOR KNOWINGLY FILING FALSE INFORMATION ON CERTAIN STATEMENTS FILED WITH THE STATE AUDITOR'S OFFICE; AMENDING SECTION 33-2-701, MCA; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 33-2-701, MCA, is amended to read:

"33-2-701. Annual statement -- revocation or fine for failure to file -- penalty for perjury. (1) (a)

Each authorized insurer shall annually on or before March 1 file with the commissioner a full and true statement of its financial condition, transactions, and affairs as of the preceding December 31. The statement must be in the general form and context as:

(i) is required or not disapproved by the commissioner, ~~as~~

(ii) is in current use for similar reports to states in general with respect to the type of insurer and kinds of insurance to be reported upon; and ~~as~~

(iii) supplemented for additional information required by the commissioner.

(b) The statement must be completed in accordance with the annual statement instructions and the accounting practices and procedures manual of the national association of insurance commissioners.

(c) The statement must be accompanied by an actuarial opinion attesting to the adequacy of the insurer's reserves.

(d) The statement must be verified by the oath of the insurer's president or vice president and secretary or, if a reciprocal insurer, by the oath of the attorney-in-fact or its like officers if a corporation. The commissioner may waive the verification under oath.

(2) (a) Each domestic insurer shall file electronic versions of ~~its~~ the insurer's annual and quarterly financial statements with the national association of insurance commissioners. The date for submission of the annual statement electronic filing is March 1. The dates for the submission of the quarterly statement electronic filings are as follows:

- (i) the first quarter filing is due May 15;
(ii) the second quarter filing is due August 15; and
(iii) the third quarter filing is due November 15.

(b) The commissioner may exempt insurers that operate only in Montana from these filing requirements.

(3) The statement of an alien insurer must relate only to its transactions and affairs in the United States unless the commissioner requires otherwise. If the commissioner requires a statement as to an alien insurer's affairs throughout the world, the insurer shall file the statement with the commissioner as soon as reasonably possible. The statement must be verified by the insurer's United States manager or other authorized officer.

(4) The commissioner may refuse to accept the fee for renewal of the insurer's certificate of authority, as provided in 33-2-117, or may suspend or revoke the certificate of authority of any insurer failing to file ~~its~~ the insurer's annual statement when due or within an extension of time that the commissioner may grant.

(5) A director, officer, ~~insurance producer~~ AGENT, or employee of a company who subscribes to, makes, or concurs in making or publishing an annual statement or any other statement required by law knowing that the statement contains any material statement that is false shall be punished by a fine of not more than ~~\$1,000~~ \$25,000 for each violation.

(6) The commissioner may impose a fine not to exceed \$100 a day for each day after March 1 that an insurer fails to file the annual statement referred to in subsection (1). The fine may not exceed a maximum of \$1,000."

NEW SECTION. Section 2. Effective date -- APPLICABILITY. [This act] is effective July 1, 2005, AND APPLIES TO ALL FILINGS DUE ON OR AFTER JULY 1, 2005.

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